

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 2823-01
BILL NO. HB 1091
SUBJECT: Gambling
TYPE: Original
DATE: January 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Gaming Proceeds for Education	\$63,969,924 to \$100,110,513	\$76,763,909 to \$120,132,615	\$76,763,909 to \$120,132,615
Gaming Commission	\$3,399,035	\$4,078,843	\$4,078,843
Total Estimated Net Effect on <u>All</u> State Funds	\$67,368,959 to \$103,509,548	\$80,842,752 to \$124,211,458	\$80,842,752 to \$124,847,463

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$10,506,805 to \$14,522,426	\$12,608,166 to \$17,426,911	\$12,608,166 to \$17,426,911

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

In similar legislation from the previous year, officials of the **Gaming Commission (GAM)** stated that a conservative way to predict the fiscal impact of removing the \$500 loss limit is to assume that all Missouri boats' win per admission would rise to at least the level of the Illinois riverboats doing business in the St. Louis market, which was \$34.89 in fiscal year ended, June 30, 1999. This is still well below the statewide averages in Illinois, Iowa, Indiana, and Mississippi.

In addition, GAM stated there is strong evidence that the inconveniences of the loss limits drive down the number of visits. Patrons that have been to gaming facilities with no loss limits often find the loss limits cumbersome and inconvenient and either do not return or reduce their number of visits to Missouri casinos. In addition, high limit players in Missouri and from other jurisdictions limit visitation or do not patronize Missouri casinos because of the loss limits.

Based on these facts, GAM assumed the removal of the loss limits would raise the win per admission to \$34.89 and would increase admissions by at least 10%. Based upon calculations used by GAM and updated with fiscal year 1999 admission totals, the state impact from gaming tax is assumed to be \$120,132,615 annually; while the local impact would be \$13,348,068 annually. GAM also estimated an increase in the number of admissions, and applying fiscal year 1999 admission totals to their assumptions, Oversight has estimated an annual state and local impact of \$4,078,843. GAM stated that all estimates do not account for any increase in jobs, a multiplier effect, facility expansion, or additional facilities constructed as a result of the removal of the loss limit.

The **Office of Administration (OA), Division of Budget and Planning** stated previously that they agree with the estimates provided by the Gaming Commission.

The **Missouri Highway Patrol** stated that they initially anticipate no fiscal impact nor an increase in personnel.

Oversight reviewed the effect of the loss limits on the state of Iowa and found that Iowa's win per admission increased by approximately \$7.50. According to the Gaming Commission's Fiscal Year 1999 Annual report, the current win per admission is \$22.02. Oversight assumes this proposal would increase the win per admission in Missouri to \$29.52. Assuming a 10% increase in the number of admissions, Oversight estimates the state impact from gaming tax and admissions fee would be \$80,842,752 annually; while the local impact would be \$12,608,166 annually. For fiscal note purposes, Oversight will range the potential fiscal impact from the low to high estimates.

FISCAL IMPACT - State Government

FY 2001 FY 2002 FY 2003
 (10 Mo.)

GAMING PROCEEDS FOR EDUCATION

Income

Gaming Tax	\$63,969,924	\$76,763,909	\$76,763,909
	to	to	to
	\$100,110,513	\$120,132,615	\$120,132,615

ESTIMATED NET EFFECT ON	\$63,969,924	\$76,763,909	\$76,763,909
GAMING PROCEEDS FOR	to	to	to
EDUCATION FUND	<u>\$100,110,513</u>	<u>\$120,132,615</u>	<u>\$120,132,615</u>

GAMING COMMISSION FUND

Income

Admission Fees	\$3,399,035	\$4,078,843	\$4,078,843
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ESTIMATED NET EFFECT ON	\$3,399,035	\$4,078,843	\$4,078,843
GAMING COMMISSION FUND	<u>\$3,399,035</u>	<u>\$4,078,843</u>	<u>\$4,078,843</u>

FISCAL IMPACT - Local Government

FY 2001 FY 2002 FY 2003
 (10 Mo.)

LOCAL

Income

Gaming Tax	\$7,107,769 to \$11,123,390	\$8,529,323 to \$13,348,068	\$8,529,323 to \$13,348,068
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Admission Fees	<u>\$3,399,036</u>	<u>\$4,078,843</u>	<u>\$4,078,843</u>
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ESTIMATED NET EFFECT	\$10,506,805	\$12,608,166	\$12,608,166
ON LOCAL FUNDS	to	to	to
	<u>\$14,522,426</u>	<u>\$17,426,911</u>	<u>\$17,426,911</u>

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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal repeals the statutory \$500 loss limit per person per session and would instead give the Missouri Gaming Commission the authority to set new individual loss limits on riverboat casinos.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Gaming Commission
Office of Administration
Division of Budget and Planning
Department of Elementary and Secondary Education
Missouri Highway Patrol

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
January 3, 2000